

**DEPARTMENT OF FOOD AND AGRICULTURE**

A.G. KAWAMURA, Secretary

Division of Measurement Standards  
8500 Fruitridge Road  
Sacramento, CA 95826  
Phone: (916) 229-3000  
Fax: (916) 229-3026



DMS NOTICE  
QC – 04 – 5

September 23, 2004

Discard: Retain

TO WEIGHTS AND MEASURES OFFICIALS

**SUBJECT: Statewide Price Verification Survey**

The 2004 statewide price verification survey was completed in June. While this was a follow up to prior surveys allowing us to evaluate changes in compliance conditions that have occurred over previous years, we also expanded this survey to include additional categories and looked at manual entry sales as well as automated scanner transactions. In an effort to balance the selection process, location selection was based on state tax records not county weights and measures records as was done with prior surveys. With many smaller businesses and apparel stores added to the selection pool, selection sizes included purchases of 5, 10, or 30 items per location. These efforts required resources from most counties and we appreciate the continued interest and hard work by each of the many California weights and measures officials involved.

In the following tables the shaded areas present additional categories not used in earlier surveys.

Survey results indicate that of 8377 **items** purchased, 2.94% were overcharged and 1.47% were undercharged (see Table 1). An aggregate algebraic overcharge amounted to 0.22% of the dollars spent (see Table 2). Of the 772 stores inspected, 562 (76.42 %) had no overcharges. Table three was replaced since it does not relate to past surveys. Sample sizes of 5 and 10 items can never go into "Level 1" when there are violations. Based only on percent of **total** correct price criteria, 70 stores (9.07%) had algebraic overcharges of less than 2% of the correct price (Level 1). 38 stores (4.92%) had overcharges that ranged between 2% and 4% of the correct amount (Level 2). 48 stores (6.22%) had algebraic overcharges equal to or more than 4% of the correct amount (Level 3). The highest percent of algebraic overcharge for a location was 27.09 % more than the correct total price.

Table 3 outlines survey results by manual entry, scanner, and price look-up codes.

Please review the attached report and contact Ken Lake, Program Supervisor, Measurement Compliance, at (916) 229-3047 if you have any questions.

Sincerely,

Mike Cleary  
Director

Attachments

## **DIVISION OF MEASUREMENT STANDARDS**

### **STATEWIDE PRICE VERIFICATION SURVEY**

A statewide survey of pricing accuracy at retail stores was conducted throughout the state during May and June of 2004.

#### **Scope of Survey**

Establishments surveyed included both food and nonfood retail stores to evaluate accuracy in determining the proper sales price.

#### **Sample Selection**

Over seven hundred fifty (750) establishments were selected at random from a statewide population of approximately 350,000 qualifying retail establishments. Items were randomly selected from each establishment based on the following criteria:

- a. If there are less than 400 lots on sale.  
Sample size = 5 items
- b. If there are more than 400 lots on sale **and** there are
  - (1) 10 or fewer shopping carts.  
Sample size = 10 items
  - (2) More than 10 shopping carts.  
Sample size = 30 items

#### **Inspection Procedure**

Approximately half of the items selected were sale items, price reduced or "special buys"; including manufacturers' reduced price items, in-store specials or markdowns. After selecting the sample, the items were run through the check stand and the prices charged for the items were compared with the advertised, quoted, posted or marked prices. If the price charged for an item was more than the lowest of the advertised, quoted, posted or marked price, it was determined that an overcharge existed. If the price charged was less than the lowest of the advertised, quoted, posted or marked price, it was determined that an undercharge existed. If the price charged equaled the lowest of the advertised, quoted, posted or marked price, it was determined that no error existed.

#### **Survey Results**

The following tables summarize the survey results in comparison to the 2000 and 2002 surveys. These results may be useful for county weights and measures officials in determining which areas of the marketplace to focus enforcement activity.

TABLE 1

Type of Store	Year	Number of Items Inspected	Overcharge  Number of Items	%	Undercharge  Number of Items	%
Specialty Food and Tobacco	2004	485	19	3.92	3	0.62
Liquor	2004	255	18	7.06	7	2.75
Eating Establishments	2004	208	2	0.96	4	1.92
Apparel and Shoes	2004	498	6	1.20	6	1.20
Art, Gift, Novelty	2004	191	3	1.57	3	1.57
Entertainment	2004	409	7	1.71	17	4.16
Furnishings/Appliance	2004	611	13	2.13	13	2.13
Sporting Goods	2004	195	9	4.62	1	0.51
Grocery						
	2004	2408	83	3.45	20	0.83
	2002	4050	106	2.62	30	0.74
	2000	5607	99	1.77	59	1.05
Auto						
	2004	360	19	5.28	10	2.78
	2002	1469	41	2.79	22	1.50
	2000	1256	24	1.91	39	3.11
Building						
	2004	295	8	2.71	9	3.05
	2002	630	23	3.65	8	1.27
	2000	899	40	4.45	36	4.00
Variety						
	2004	921	19	2.06	16	1.74
	2002	1383	30	2.17	30	2.17
	2000	899	10	1.11	34	3.78
Drug						
	2004	1035	18	1.74	7	0.68
	2002	2041	45	2.20	22	1.08
	2000	2339	31	1.33	48	2.05
Misc						
	2004	506	22	4.35	7	1.38
	2002	5190	107	2.06	103	1.98
	2000	3684	90	2.44	126	3.42
Nonfoods Total						
	2004	5021	124	2.47	89	1.77
	2002	10713	246	2.30	185	1.73
	2000	9077	195	2.15	283	3.12
Foods Total						
	2004	3356	122	3.64	34	1.01
Grand Total						
	2004	8377	246	2.94	123	1.47
	2002	14763	352	2.38	215	1.46
	2000	14684	294	2.00	342	2.33

**TABLE 2**  
**Algebraic Result of All Errors**

Type	Year	Sales	Amount Overcharge	% Over
Specialty Food & Tobacco	2004	\$1,995.50	\$6.75	0.34
Liquor	2004	\$636.31	-\$0.86	-0.14
Eating/Drinking Establishments	2004	\$668.43	-\$1.25	-0.19
Apparel & Shoes	2004	\$9,707.47	-\$6.98	-0.07
Art, Gift, & Novelty Stores	2004	\$2,919.02	\$4.28	0.15
Entertainment	2004	\$3,705.69	\$4.56	0.12
Furnishings & Appliance Stores	2004	\$12,544.61	-\$2.92	-0.02
Sporting Goods	2004	\$3,246.86	\$50.73	1.56
Grocery	2004	\$8,042.65	71.71	0.89
	2002	\$16,531.03	\$81.35	0.49
	2000	\$18,844.18	\$35.72	0.19
Auto	2004	\$3,325.31	\$23.62	0.71
	2002	\$11,927.08	\$118.48	0.99
	2000	\$9,660.29	-\$54.36	-0.56
Building	2004	\$2,489.56	-\$10.57	-0.42
	2002	\$7,943.98	\$24.61	0.31
	2000	\$10,637.71	-\$22.98	-0.22
Variety	2004	\$10,214.08	-\$20.81	-0.20
	2002	\$13,433.31	\$38.12	0.28
	2000	\$11,524.10	-\$35.67	-0.31
Drug	2004	\$5,505.30	\$24.28	0.44
	2002	\$12,440.30	\$48.94	0.39
	2000	\$11,743.70	-\$11.19	-0.10
Miscellaneous	2004	\$3,342.01	\$10.37	0.31
	2002	\$79,952.99	-\$273.21	-0.34
	2000	\$56,218.33	-\$632.15	-1.12
Total for Food Groups	2004	\$11,324.89	\$76.35	0.67
	2002	\$16,531.03	\$81.35	0.49
	2000	\$18,844.18	\$35.72	0.19
Total for Non-Food	2004	\$56,999.91	\$76.56	0.13
	2002	\$125,697.66	-\$43.06	-0.03
	2000	\$99,784.13	-\$756.35	-0.76
Grand Total	2004	\$68,342.80	\$152.91	0.22
	2002	\$142,228.69	\$38.29	0.03
	2000	\$118,628.31	-\$720.63	-0.61

**TABLE 3**  
**Comparison by Pricing Methods for 2004 Data**

Pricing System Used	Number of Items	Over Charges Number of Items	%	Under Charges Number of Items	%
<b>Manual Entry</b>					
Food Establishments	909	27	2.97	18	1.98
NonFood Establishments	1162	27	2.32	22	1.89
Total	2071	54	2.61	40	1.93
<b>PLU or SKU</b>					
Food Establishments	280	10	3.57	2	0.71
NonFood Establishments	432	15	3.47	13	3.01
Total	712	25	3.51	15	2.11
<b>Scanner</b>					
Food Establishments	2167	85	3.92	14	0.65
NonFood Establishments	3427	82	2.39	54	1.58
Total	5594	167	2.99	68	1.22